

Message Text

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ORIGIN EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 ISO-00 GSA-02 INT-08

COME-00 TRSE-00 OMB-01 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03

SS-15 USIA-15 ACDA-19 IO-13 STR-08 TAR-02 /187 R

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FM SECSTATE WASHDC

TO AMEMBASSY KINSHASA

AMEMBASSY LIMA

AMEMBASSY LUSAKA

INFO AMEMBASSY LONDON

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E.O. 11652:N/A

TAGS: EMIN

SUBJECT: COPPER DISPOSAL LEGISLATION

REF : STATE 143012

1. ON SEPT 13 U.S. SENATE PASSED PASTORE-RIBICOFF BILL
AUTHORIZING IMMEDIATE SALE BY GSA OF 251,600 SHORT TONS OF
COPPER AND COPPER ALLOYS FROM STRATEGIC STOCKPILE. MEASURE
WOULD WAIVE NORMAL SIX-MONTH WAITING PERIOD BETWEEN
EFFECTIVE DATE OF LEGISLATION AND ACTUAL GSA SALES.
2. BILL SPONSORS ENVISAGE SALE OF COPPER STOCKS ON OPEN
MARKET IN ADDITION TO AMOUNTS WHICH WOULD BE TRANSFERRED TO
U.S. MINT FOR COINAGE. HOWEVER, BILL PROVIDES QUOTE THE
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TIME AND METHOD OF DISPOSITION SHALL BE FIXED WITH DUE

REGARD TO THE PROTECTION OF THE UNITED STATES AGAINST AVOID-
ABLE LOSS AND THE PROTECTION OF PRODUCERS, PROCESSORS, AND
CONSUMERS AGAINST AVOIDABLE DISRUPTION OF THEIR USUAL MARKETS
UNQUOTE.

3. SENATE COMMITTEE REPORT NOTED DECLINING LEVEL OF PRIVATE
COPPER STOCKS AND ATTRIBUTED DEVELOPING SHORTAGES TO SUPPLY
DIFFICULTIES IN CHILE AND ZAMBIA AND TO U.S. EXPORTS. U.S.
EXPORTS OF COPPER SCRAP AND COPPER HAVE RECORDED SIGNIFICANT
INCREASES IN RECENT WEEKS OWING TO PRICE DIFFERENTIAL

BETWEEN FOREIGN PRICES AND FROZEN DOMESTIC PRICE.

4. SIMILAR LEGISLATION WILL NOW BE CONSIDERED BY U.S.
HOUSE OF REPRESENTATIVES. HOUSE ARMED SERVICES COMMITTEE
HAS SCHEDULED HEARINGS FOR SEPT 26.

5. PROSPECTS FOR FINAL LEGISLATION ARE UNCERTAIN.MANY
CONGRESSMEN VIEW IMMEDIATE DISPOSAL AS MEANS FOR INCREASING
DOMESTIC MARKET SUPPLY, THEREBY AVOIDING NECESSITY FOR
EXPORT CONTROLS, IN ORDER TO REDUCE INDUSTRY PRESSURE FOR
EXEMPTION TO PRICE CONTROLS. HOWEVER, HOUSE COMMITTEE
CHAIRMAN HEBERT GENERALLY OPPOSES USE OF STRATEGIC
STOCKPILE TO FIGHT INFLATION.

6. SHOULD FINAL LEGISLATION BE APPROVED BY CONGRESS AND
SHOULD GSA PROPOSE SALE OF COPPER ON OPEN MARKET,
DEPARTMENT WILL INITIATE DISPOSAL CONSULTATIONS WITH
ALL PRODUCERS COUNTRIES. RUSH

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